



There is more than 3TG

The need for the inclusion of all minerals in EU regulation for conflict due diligence

SOMO Paper | January 2015

Companies that use minerals in their products risk contributing to conflict financing or human rights abuses via their mineral supply chains, especially if upstream suppliers are located in conflict zones. This problem is being addressed by the European Commission (EC), which has proposed a new regulation with a voluntary due diligence framework to address the risk of financing armed groups and security forces, and mitigate other adverse impacts associated with the extraction, transport and trade of four particular minerals: tin, tantalum, tungsten and gold (3TG).

This briefing paper discusses one specific issue in the proposed EC regulation – the limited number of conflict minerals it includes. It puts the case that the decision to focus on the import of minerals and metals containing or consisting of 3TG is arbitrary and far too limited to achieve the proposal's objective of reducing the financing of armed groups and security forces through mineral proceeds in conflict-affected and high-risk areas.

International standards and regulation

Normative standards

Under the European Convention on Human Rights and international human rights law, European member states have an obligation to ensure that business enterprises operating within their jurisdiction do not cause or contribute to human rights violations. The United Nations Guiding Principles on Business and Human Rights (UNGP) and the Organisation for Economic Development and Cooperation's Guidelines for Multinational Enterprises (OECD Guidelines) set clear standards for business enterprises to respect human rights, conduct human rights due diligence and implement measures to prevent, address and redress any human rights violations.¹ The UNGP prescribe that states need to "ensure that their current policies, legislation, regulations and enforcement measures are effective in addressing the risks of business involvement in gross human rights abuses".² The UNGP have special relevance for conflict-affected areas, stipulating that states should help ensure businesses operating in conflict-affected areas are not involved with human rights abuses, and that "business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them".^{3,4}

The OECD has developed an international framework – the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Due Diligence Guidance) – to help companies conduct conflict due diligence. It provides a roadmap to help companies avoid contributing to conflict through their mineral purchasing practices. The guidance includes supplements on tin, tungsten, tantalum, as well as a supplement on gold, which outlines the recommended steps companies should take to identify and respond to risks in these particular supply chains.⁵

No legal obligation

These international standards have not yet been integrated into EU legislation, and European companies using and trading minerals are not subject to European legal requirements on human rights due diligence when operating outside the EU.⁶ Without such legal obligations, companies are significantly less likely to conduct due diligence when sourcing minerals that may be linked to conflict. SOMO's research shows that a large majority of European companies active in sectors making use of conflict minerals do not conduct due diligence on conflict materials.⁷

Conflict minerals: a major concern

In international supply chains the use of conflict minerals is one of the most significant human rights concerns. This concern frequently arises around minerals sourced from parts of eastern Democratic Republic of Congo (DRC), a region torn by conflict for many years. Although the links between mineral extraction, the international mineral trade, the financing of armed violence and the human rights violations associated with the conflicts have sufficiently been proven in the past, those minerals are still used in products that are traded and sold on the European market. Besides minerals, other natural resources are associated with fuelling conflict, such as timber and coal.⁸

US legislation

The United States has made an effort to break the link between American companies and conflict minerals. In 2010 the United States senate passed the Dodd Frank Act, which included a provision on the use of conflict minerals (defined under law as tin, tantalum, tungsten and gold or '3TG') originating from the DRC or adjoining countries. Section 1502 of the Dodd Frank Act is a disclosure requirement that requires all US-listed companies to report on the use of 3TG – the four minerals often associated with conflict financing in parts of eastern DRC. Companies also need to report whether these materials are derived from the DRC or from adjoining countries.⁹ If companies know or have reason to believe that the minerals may have originated from the DRC or an adjoining country, they are required to report on their efforts to conduct risk-based

supply chain due diligence that meets international standards to ensure that rebel groups are not benefitting from the trade of these minerals.¹⁰ Very few European companies that use or trade minerals are required to comply with the Dodd Frank Act, Section 1502.¹¹

Dodd Frank 1502 set an important precedent in introducing legal requirements for companies to conduct due diligence and mandatory reporting. The Act is a first step towards the integration of international human rights standards into the national legislation of the United States. Nevertheless, it has not been able to completely undo the links between American companies and conflict materials. Dodd Frank 1502 is limited in terms of geographical scope (only targeting the DRC and adjoining countries) and material scope (only targeting 3TG).

EU follows suit

In March 2014 the European Commission proposed a regulation with the objective to "help reduce the financing of armed groups and security forces through mineral proceeds in conflict-affected and high-risk areas".¹² The proposal is currently being discussed in the European Parliament and European Council, with a decision expected before summer 2015.

Definition of conflict-affected and high-risk areas

The EC provides the following definition for conflict zones targeted by the regulation: "conflict-affected and high-risk areas" means areas in a state of armed conflict, fragile post-conflict as well as areas witnessing weak or non-existent governance and security, such as failed states, and widespread and systematic violations of international law, including human rights abuses".¹³

This is based on the OECD Due Diligence Guidance that states that "conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law".¹⁴

Proposed EU regulation

European Commission proposal

The proposal of the European Commission introduces a voluntary system of self-certification for importers of 3TG and their ores. If they wish to do so, 3TG importers can self-certify as ‘responsible importers’, which means they declare their adherence to various obligations described in the proposed regulation. These obligations cover management systems, risk management, third-party audits, and disclosure, and require companies to incorporate supply chain policy standards and due diligence in line with OECD Due Diligence Guidance.¹⁵

Objections to the proposal

Investors have proposed that the regulation be amended to ensure alignment between the EC proposal and US federal rules on conflict minerals due diligence and reporting. In a joint statement, a group of investors recommends that the reporting mechanism should be mandatory, and that *“the rule should apply to any European company that manufactures or contracts to manufacture products containing 3TG that is necessary to product functionality or manufacture”*.¹⁶

Civil society organisations stress that breaking the links between natural resources and conflict and human rights abuses requires EU legislation that goes well beyond the proposal of the European Commission. In a 2013 paper, a group of 59 global civil society organisations called on the EU to adopt legislation that is legally binding, applies to all segments of the supply chain and has a broad material scope.¹⁷ The proposed regulation fails to meet these criteria.

The current proposal puts no legal obligation on EU businesses to conduct supply chain conflict due diligence and is also limited in terms of targeted companies (importers only), and minerals (3TG and their ores and concentrates only). This is not in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), which emphasise that due diligence requirements and the responsibility to respect human rights in supply chains apply to all enterprises, regardless of their sector, size, location, or position in a supply chain.¹⁸ The proposal does not meet the UN’s additional requirements to companies operating in conflict contexts, nor the OECD Due Diligence Guidance. If the EU regulation were designed to conform to international norms, the due diligence requirement would apply to all European businesses with direct links to conflict materials. This would include all businesses that trade manufactured products containing minerals sourced from conflict-affected and high-risk areas (rather than merely metals and unprocessed minerals), regardless of the type of mineral.

Global geographical scope

One aspect in the proposed regulation that meets the recommendations of civil society organisations is its global geographical scope. A broad geographical scope will reduce the risk of market distortions in a particular region – companies will have less incentive to switch their sourcing to other countries in an effort to avoid due diligence requirements. The Commission acknowledges this, stating in its impact assessment that targeting minerals regardless of origin will *“create a level playing field for conflict and non-conflict regions”*.¹⁹ The proposed regulation currently has a broader geographical scope than Dodd Frank 1502, as it applies to companies sourcing 3TG from any conflict-affected and high-risk area around the world (see text box).

Narrow material scope

Although the broad geographical scope and the definition of conflict zones are based on the OECD definition and are broadly in line with the recommendations of CSOs, a major constraint is the limitation of the material scope to 3TG. This limitation automatically implies that only a limited number of conflict-affected and high-risk areas worldwide are covered by the proposed regulation. In the following chapter we argue that the material scope of the regulation should be expanded because a wide variety of minerals exploited worldwide are associated with armed conflict.

The EC’s limited material scope

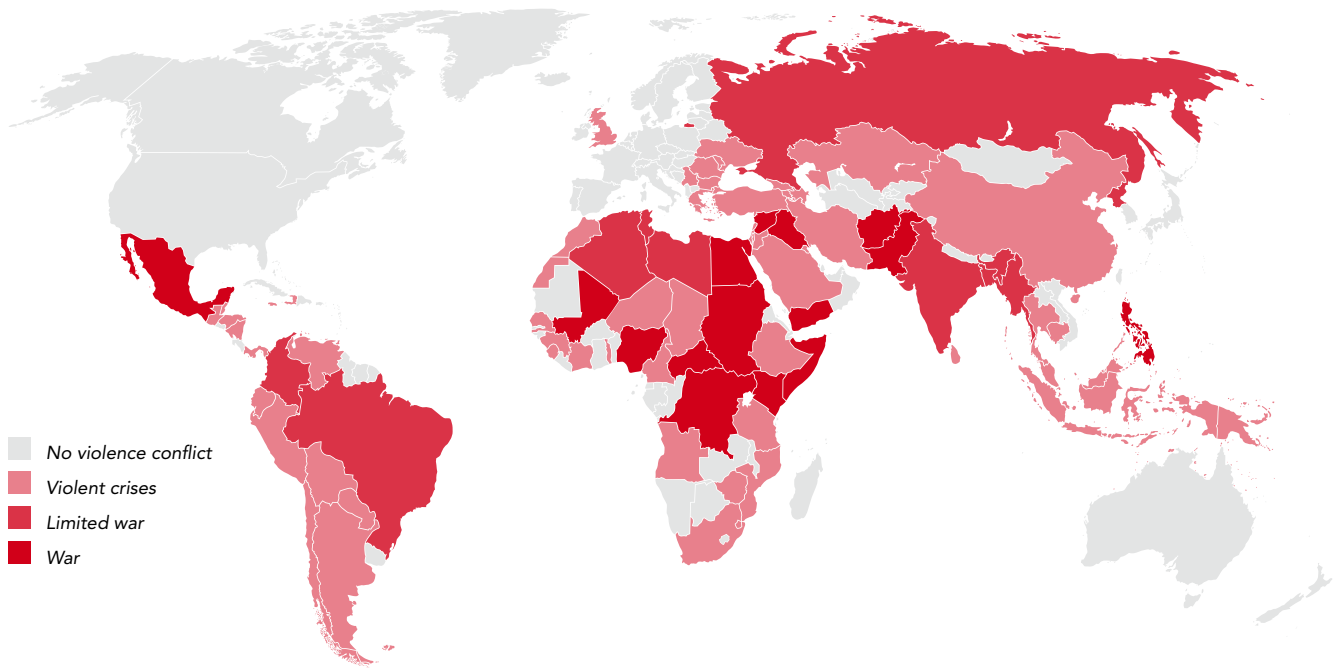
Raw materials only

The EC’s proposed regulation focuses only on metals, ores and concentrates that consist of, or contain, 3TG.²⁰ Although 3TG are commonly used minerals present in a large number of consumer products (as well as in industrial applications), the number of European companies importing these materials in their raw form is relatively low, as the assembly of these products often takes place outside the EU. EU regulation focusing only on imports of raw materials therefore excludes a significant part of total mineral imports.²¹

Four minerals only

The limitation of the material scope to 3TG and their ores and the exclusion of other minerals may be explained by the fact that 3TG have often been associated with human rights violations around mining operations in eastern DRC. Armed conflicts, however, do not only occur in this particular region and are not exclusively associated with these four minerals. Besides, non-3TG minerals are often sourced alongside 3TG in conflict-affected areas, such as Colombia or the eastern DRC. In these cases the narrow material scope would mean that EU regulation would apply only on the extraction of certain minerals, while others cause the same problem in the same mining area.

Figure 1: Heidelberg Institute Conflict Barometer – violent conflicts in 2013²²



The Heidelberg study describes 414 conflicts occurring in 2013, of which 221 were described as 'violent'. Of all conflicts, 90 were related to natural resources. Companies using these resources in their supply chains risk contributing to human rights violations in the conflict-affected areas.

Natural resources play a role in many conflicts

In its description of the global context within which the proposal is launched, the European Commission recognises that the risk of conflict minerals is broader than just 3TG from the DRC: the EC refers to the Conflict Barometer 2012, a study by the Heidelberg Institute for International Conflict Research, which states:²³ *"the combination of natural resources and conflict is present in about 20% of the almost 400 conflicts [we have] registered: resource-related conflicts are currently prevalent in Africa (27 cases) and the Americas (21 cases), but less prevalent in Asia and Oceania (11 cases), the Middle East and Maghreb (7 cases) and Europe (4 cases). The overall global situation is not static and the risk of deeper or new conflicts, in which natural resources play a role, remains".*²⁴

Although in the context description the EC refers to conflicts worldwide that are related to resources, the Commission has not argued why only those conflicts related to the four selected minerals (3TG) will be subject to due diligence requirements.

Conflict Barometer

In the annual Conflict Barometer (see box), produced by the Heidelberg Institute for International Conflict Research, a complete overview of global conflicts is given.

Conflict Barometer

The Heidelberg Institute report covers analyses of all conflicts in the world, which are listed per region (Europe, the Americas, Asia and Oceania, the Middle East and Maghreb, sub-Saharan Africa). These conflicts are examined through five levels of intensity – dispute, non-violent crises, violent, limited war, and war, which are measured by conflict means, such as number of weapons and personnel, as well as conflict consequences, such as number of casualties and the level of the threat to life. Concepts such as conflict actors, conflict measures and conflict items are used as main indicators to categorise conflicts. The report lists global active conflicts, both violent and non-violent, on a scale of 1-5, with anything 3 or above classified as violent.

The Heidelberg methodology differentiates between 10 'conflict items' – material or non-material goods which are claimed by the direct conflict actors through constituent conflict measures.²⁵ Conflict items include national power (the most prevalent item), system/ideology (second most prevalent item), and resources (third).²⁶

The authors report that the global number of political conflicts totalled 414 in 2013, and that 221 of these were violent conflicts (conflict intensity 3-5).²⁷ Of all conflicts, 90 were specifically related to natural resources.²⁸ Such resources range from coca, land and cattle to oil and minerals.²⁹ The Barometer concludes that “conflicts concerning resources, i.e. natural resources, raw materials, or the profit generated thereof, amounted to 90 cases. Of those, 59 displayed violence and 9 conflicts reached the intensity level of war”.³⁰ These 90 resource-related conflicts occurred in 46 different countries.³¹

Non-3TG conflict minerals

Conflicts linked with non-3TG minerals

As shown by the Conflict Barometer, many resources may have links with conflicts. In order to gain understanding of the kind of non-3TG minerals associated with current conflicts, SOMO analysed the conflicts from the Barometer.

Violent conflicts

Although the mere presence of minerals in a region may function as a conflict item, the proposed EU regulation focuses on preventing the financing of armed groups and security forces through mineral proceeds. Table 1 lists current violent conflicts (by country) along with the non-3TG minerals being produced in these conflict regions. Countries and conflict descriptions in the table were directly derived from the Conflict Barometer 2013; information on mineral production was derived from the United States Geological Survey database as well as from other sources. The list does not include the mineral fuels coal, oil and gas.

Copper predominates

Copper is the most widely produced mineral listed in Table 1 and is produced in 11 countries where violent conflicts associated with minerals occur. Silver is produced in 7 of the listed countries; iron ore in 6; zinc, cement minerals and sulfur in 5; molybdenum in 4; and nickel and diamond in 3 countries.

Violent conflicts most often in Latin America and Asia

In the Americas, violent conflicts associated with extraction of non-3TG minerals were reported in Peru, Colombia, Brazil, Ecuador and Mexico. In Asia, such conflicts took place in China, Pakistan, Indonesia, Myanmar and the Philippines, while in Africa, violent conflicts associated with minerals were reported in the Central African Republic, Sudan and the DRC. Non-violent conflicts in which non-3TG minerals could be identified as conflict items were mostly found in Africa (Angola, Uganda, Niger, Sudan), but also in Asia (Indonesia).

Non-violent crises

Because the EC states its objective for the proposal for regulation is to “help reduce the financing of armed groups and security forces”, SOMO highlights the actual violent conflicts that could be financed through mineral proceeds from non-3TG minerals. This is to emphasise that the risk of financing actual violence is high if companies source these minerals from the conflict regions. Therefore, only violent conflicts are presented in Table 1. However, a number of non-violent conflicts linked with non-3TG minerals were also identified. Non-violent conflicts (categories 1 and 2 in the 2013 Conflict Barometer) that are associated with non-3TG mineral extraction were located in Angola

Methodology

SOMO investigated the 90 conflicts in which natural resources figure as ‘conflict items’ in the Conflict Barometer 2013. As a first step, conflicts described by the Conflict Barometer as being linked to non-mineral resources such as cattle and land were excluded. In the many remaining cases, the Barometer did not describe which specific resources serve as a conflict item. For these cases, SOMO used additional sources to find information about mineral production in the conflict region, such as the United States Geological Survey (USGS), as well as other sources providing information about the conflict and the role of minerals in the conflict. Such sources included media reports, mineral maps and government reports. These sources were combined with information from the Conflict Barometer to obtain

an overview of non-3TG minerals linked to conflicts in 2013. SOMO’s research focuses on minerals only, and in doing so is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. SOMO’s analysis therefore excludes coal, oil and gas, and conflict items such as timber. However, SOMO acknowledges that such resources are associated with the same kind of human rights issues and also end up on the European market. In identifying the role of minerals in conflicts, SOMO only focused on minerals currently being produced in the conflict region. Minerals or mineral deposits not currently exploited (but which may still play a role as a conflict item) were not included in the analysis.³²

Table 1 Links between violent conflicts and non-3TG mineral extraction in 2013

| Country ³³ | Conflict description ³⁴ | Minerals produced ³⁵ |
|--|--|--|
| Peru (various regions) | Opposition movements versus government | Copper, possibly also cadmium, indium, iron ore and steel, lead, molybdenum, manganese, selenium, silver, tellurium, zinc, barite, cement minerals, clays, diatomite, feldspar, gypsum, lime, nitrogen, phosphate, salt, sand/stone, sulfur, talc |
| Colombia (nationwide) | Neo-paramilitary groups, drug cartels versus government, illegal mining | Nickel, emerald, halite, copper silver, platinum, sulfur, iron ore, salt, cement minerals (limestone) |
| Brazil (various regions) | Indigenous groups and landless workers movement versus government | Diamonds, possibly also aluminium/bauxite, copper, emerald, nickel, iron ore and steel, cement and clay minerals (kaolin), cadmium, chromium, cobalt, lead, manganese, rare earth metals, silver, titanium, zinc, phosphates, asbestos, barite, calcite, feldspar, fluorspar, graphite, lithium, gypsum, magnesite, potash, potassium, salt, quartz crystal, sulfur, vermiculite, talc |
| Ecuador (various regions) | Opposition groups versus government | Copper, steel, cement minerals (limestone), feldspar |
| Mexico (many regions) | Inter-cartel violence, paramilitary groups, drug cartels versus vigilante groups versus government | Silver, copper, iron ore, possibly many more (aluminium, manganese, molybdenum, phosphate, and sulfur, and other) |
| China (Tibet, inner Mongolia) | Various groups versus government | Rare earth elements, lithium, fluoride, copper, molybdenum, iron ore, zinc |
| Pakistan (Balochistan) | Various groups versus government | Copper, chromite, barytes, sulfur, marble, iron ore, quartzite, limestone, sulphur |
| Indonesia (West Papua) | Independence movement versus government | Copper, silver |
| Myanmar (Kachin) | Independence movement versus government | Jade, molybdenum |
| Philippines (Mindanao, Palawan, Sulu) | Armed groups versus government, rural mobilization | Copper, nickel, iron ore, silver, chromite, zinc, manganese |
| Democratic Republic of Congo (various provinces) | Armed groups versus government | Zinc, crude steel, diamonds, cement elements, crushed stone, sulfide (sulfuric acid), copper, silver, cobalt, germanium, niobium |
| Central African Republic (nationwide) | Armed groups versus government | Diamonds |
| Sudan (Darfur) | Militias versus reserve forces versus government | Copper |

(diamonds), Niger (uranium), Indonesia (cement minerals), Sudan (cement minerals), and Uganda (iron ore, cement minerals: limestone).³⁶

Non-3TG minerals feature as conflict items worldwide

In total, conflicts in 17 countries were identified as being related to non-3TG minerals. Non-violent conflicts (intensity levels 1-2 in the Conflict Barometer 2013) associated with non-3TG minerals (excluding coal, oil and gas) were distinguished in 5 countries. After excluding non-violent conflicts and focusing only on the medium and high levels of intensity (intensity levels 3-5) SOMO found that violent conflicts associated with non-3TG minerals were located in 13 countries worldwide.

Violent government suppression

Where mining is concerned, is important to look at the specific aims of groups fighting governments. In Peru and Indonesia, local groups who oppose mining activities are violently being suppressed by the government. In other cases, such as Colombia, Mexico, and Pakistan, armed non-state groups explicitly intend to gain control over mineral extraction with the aim of using the mineral revenues themselves.

Limitations

Conflict minerals rarely exploited in isolation from other minerals

Exploitation of non-3TG minerals identified by SOMO as conflict minerals rarely occurs in isolation. In most of the conflict areas, exploration for other non-3TG minerals is also reported. The exploration and/or exploitation of 3TG, coal, oil and gas also frequently occurs in the 17 conflict-affected areas identified by SOMO. For example, in Aceh, Indonesia, SOMO identified cement as a conflict mineral as it is currently produced in the conflict-affected area. However, exploration of gold, silver, copper, and molybdenum is also conducted in the same region.³⁷ In SOMO's analysis, only cement minerals are defined as a conflict mineral.

Reasons for the exclusion of unexploited minerals as well as mineral fuels are twofold. First, mineral fuels have been excluded as they are not covered by the OECD Due Diligence Guidance and fall into a category other than the non-3TG minerals used in the supply chains of industrial production and manufacturing of consumer items. Second, unexploited minerals (minerals that are under exploration but are not currently being exploited) are excluded as these are not (yet) used in EU supply chains.

It is important to note that some obvious cases of non-3TG conflict minerals do not appear in SOMO's analysis. SOMO's methodology is based on definitions of conflicts and conflict items from the Conflict Barometer 2013. The selected methodology is relatively conservative and excludes various conflict minerals. An example is chromite from Afghanistan (see box); Afghanistan is listed in the Barometer, but its conflicts are not marked as related to chromite mines. Diamonds from Zimbabwe are another well-known example. The Zimbabwe conflict is framed as a struggle for national power, and the Conflict Barometer does not report resources to be conflict items in this conflict. However, diamonds from Zimbabwe have often been labeled as 'conflict diamonds' as diamonds have been reported stolen and traded on a large scale by Zimbabwe's elite, international dealers and criminals.³⁸

Iron ore from Mexico

The Conflict Barometer states that in 2013, a war in Mexico between various drug cartels and the government over regional power and resources continued: "Most cartel-government clashes took place in the northeast and the mid-west of Mexico. Clashes between government forces and armed groups took place every week. However, most fatalities were claimed by the inter-cartel conflict." The Conflict Barometer also mentions the engagement of drug cartels in illegal mining.³⁹

Media reports say the Mexican government confirms that Mexican drug cartels have been present in the country's mining industry since 2010. They engaged in illegal mining operations and involvement in exporting iron ore to Chinese mills in 2013.⁴⁰ In fact, iron ore has become the principle source of income for the Knights Templar drug cartel in western Mexico.⁴¹ Besides iron, in 2010 there were media reports about the theft of precious metals. A large amount of gold and silver bars worth US\$3 million were stolen from a mining company in the central state of Zacatecas.⁴²

Chromite from Afghanistan

The war between the Taliban, the Hezb-e-Islami and various other militant groups and the government (supported by the ISAF and United States) over national power and the orientation of the political system in Afghanistan continued in 2013.⁴³

Afghanistan has a history of mining revenues funding local warlords and insurgent groups. The non-governmental organisation Global Witness states that "minerals, precious gemstones, land, and timber were a critical source of war financing during the years of civil war and Taliban rule. Today, many mines in the country continue to be exploited by criminal smuggling syndicates and insurgency networks."⁴⁴ Other sources confirm that the income of armed groups include illegal mining, the smuggling of minerals, collecting illegal taxes and offering protection for the trafficking of minerals.⁴⁵ In particular, illegal chromite mining in, for example, mines in Khost Province supports criminal and insurgent networks.⁴⁶

Nickel from Colombia

In Colombia various conflicts over subnational predominance and resources are occurring. These conflicts take place on different levels and take a variety of forms; i.e. between the Revolutionary Armed Forces of Colombia (FARC) and the government, between drug cartels and neo-paramilitary groups vs. the government, and within cartels/ neo-paramilitary groups. In the latter two cases the Heidelberg Institute for International Conflict Research stresses their involvement in local and international drug trade, extortion, money laundering and illegal mining.⁴⁷

Illegal armed groups, including FARC and organised criminal groups, are engaged in illegal mining of nickel, gold, coal, coltan, copper and other minerals. Trade from illegal mining finances many of the armed paramilitary groups and drug traffickers in the country – particularly in Antioquia, Cordoba, Choco and Tolima.⁴⁸ The ease with which money from the mining and energy sector can be captured and recycled – coupled with the relatively low risk attached to this compared to other illegal activities – increases the potential for armed groups to get involved in extractive industries.⁴⁹ Furthermore it is important to note that in the mining sector, lines between illegal, artisanal, informal and criminal mining are blurred. It is not unusual to find artisanal next to criminal mining, seemingly legal businesses working alongside illegal excavators, and illegal armed groups operating in collaboration with demobilised but armed structures.⁵⁰

Jade from Myanmar

The conflict in Myanmar between the Kachin Independence Organization (KIO) and its military wing, the Kachin Independence Army (KIA) on the one hand, and the government on the other, relates to autonomy and resources. In the Conflict Barometer 2013 this conflict is classified as a limited war.⁵¹

Myanmar's mining industry has been militarised for decades, with members of the national army exerting control over mining and export operations.⁵² In the production and sale of jade and gems, informal and illegal industries exist. The Heinrich Böll Foundation states: "Many of the deposits of natural resources are located in ethnic areas of the country where long-running ethnic conflicts have often generated war economies to sustain decades of armed resistance against the central government. Investment projects in these areas have a lot of potential for conflict and for harming the fragile processes toward peace. Many observers agree that the ongoing Kachin conflict is basically about competition for local resources."⁵³ Other sources confirm that ethnic minority rebels are controlling jade mines in Kachin province and taxation of jade was an important source of income for the KIA/ KIO groups.⁵⁴

Use of non-3TG in European industry and consumer products

A wide range of non-3TG minerals are linked with conflicts. Like 3TG, many non-3TG minerals frequently used for industrial purposes and in manufactured products in the European Union are usually not imported in their raw or processed form.⁵⁵ Even in Europe's manufacturing industry many minerals used in production processes are imported in the form of assembled products, frequently from China, where many smelters are located. The minerals have the potential to end up in a virtually endless array of products in Europe because many consumer products contain not only 3TG, but also non-3TG minerals.⁵⁶ For example, smart-phones contain copper, iron, nickel, silver and chromium, all of which have proven links to violent conflicts.⁵⁷ In hybrid

cars, bauxite, chromite, copper, iron ore, lithium, nickel and other elements are used.⁵⁸ Products such as batteries and electronic devices are commonly produced outside the EU. Table 2 shows that frequently found non-3TG minerals related to conflict in 2013 were most often imported by non-EU countries.

China is by far the largest mineral importer in this table, while EU countries are clearly minor importers of raw materials. It is therefore unlikely that a regulation that exclusively places requirements on European smelters, refiners and other importers will have the impact needed to ensure responsible sourcing of minerals by these and other European industries.

Table 2 Main importers of various non-3TG minerals associated with conflict

| Mineral ores and concentrates | Main importers 2013, percentage of total import value |
|-------------------------------|--|
| Copper | China 35%, Japan 19%, India 13%, Republic of Korea 7%, Spain 5% |
| Silver | China 40%, Republic of Korea 30%, Canada 13%, Japan 9%, Belgium 2% |
| Nickel | China 78%, Finland 5%, Japan 5% |
| Chromium | China 76%, Russia 9%, Germany 2% |
| Precious stones | China 41%, Republic of Korea 16%, Germany 10%, UK 8% |
| Iron | China 65%; Japan 10%; Republic of Korea 5%; Germany 3% |

Source: Trade Map

Examples of consumer products containing non-3TG

- ❑ Copper is used in electrical wiring, telecommunications infrastructure, manufacture of automobiles, fixtures, computers and processors, and building construction.⁵⁹
- ❑ Silver is mostly used in coins, jewellery, electrical conductors, electronic devices, medical usage, mirrors and solar cells.⁶⁰
- ❑ Nickel is an alloy component or plate for other metals. More than 60% is used in stainless steel. It is also used for electrical equipment, batteries, magnets and ceramics.⁶¹
- ❑ Chromite is the main ore of the element chromium. Chromium is stainless steel.⁶² Many shiny things are chrome-plated. A very short list of products includes appliances, automotive parts, cutlery, chemical processing equipment and cookware.
- ❑ Jade and diamonds are used for jewelry.
- ❑ Iron ore is the basic raw material for producing steel.⁶³ Steel is used in construction such as bridges, road-side barriers, railways and dams. Steel is used in a variety of other construction materials, such as bolts, nails and screws, and other household products and cooking utensils.

Conclusions

The European Commission's proposal to regulate the due diligence of sourcing of companies importing minerals and metals from conflict-affected and high-risk areas covers four conflict minerals only: tin, tantalum, tungsten and gold (3TG). Based on an analysis of the origin of conflict minerals it can be concluded that this scope is too limited, as a significant number of conflicts worldwide are associated with other minerals. European businesses sourcing other minerals from conflict-affected areas or high-risk areas are likely to have direct links with, or contribute to, human rights violations.

Of all worldwide conflicts listed in the Conflict Barometer 2013 as being related to resources, there are a number of conflicts associated with the production of non-3TG minerals. SOMO distinguished violent conflicts in 13 countries that were associated with the production of many non-3TG minerals in 2013. These minerals included copper, nickel, iron ore, silver and diamonds. It should be noted that this research excludes the energy minerals coal, oil and gas. Copper and other non-3TG conflict minerals are produced in conflict regions in Latin America, Asia and Africa. The number, origin and nature of non-3TG conflict minerals may vary; however, it has become clear that a regulation solely focusing on 3TG will exclude a significant number of high-risk minerals.

European countries are not the main importers of most of the non-3TG mineral ores and concentrates found to be linked to current violent conflicts. However, 3TG and non-3TG minerals are commonly used for industrial purposes in Europe. They also form indispensable parts of consumer products sold in the EU. A high number of European companies will therefore risk having both 3TG as well as non-3TG conflict minerals in their supply chains, even if they do not import any metals or mineral ores and concentrates themselves. The effects of EU regulation focusing on importers of metals or mineral ores and concentrates only will exclude a significant part of the total mineral import in the EU. Its effects will therefore be very limited.

Recommendations

In order to reach its objective of reducing the financing of armed groups and security forces through mineral proceeds in conflict-affected and high-risk areas, the material scope of the EU regulation should, at least, be broadened to any mineral imported into the EU.

To conform to the OECD Due Diligence Guidance, the regulation should apply to all companies in the mineral supply chain. Any European company that supplies or uses minerals, mineral ores or mineral derivatives should have the legal obligation to conduct due diligence aimed at ensuring that they do not contribute to human rights abuses or conflict.

The OECD and the EU should also start creating human rights due diligence frameworks for mineral fuels (coal, oil and gas) and non-mineral natural resources. In future normative frameworks, OECD Due Diligence Guidance and EU legislative proposals designed to prevent European companies from (indirectly) financing conflict and contributing to human rights abuses in high-risk or conflict-affected areas will have to take into account non-mineral natural resources that can also function as conflict items and that are frequently imported by European companies.

Endnotes

- 1 OECD Guidelines for Multinational Enterprises, 2011 Edition, <<http://www.oecd.org/daf/inv/mne/48004323.pdf>> (15 January 2015).
- 2 United Nations Human Rights Council, "Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises. John Ruggie. Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy Framework". Advance Edited Version, A/HRC/17/31, operational principle 7d, p.11, 21 March 2011, <<http://business-humanrights.org/sites/default/files/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>> (16 January 2015).
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Colophon

Authors: Fleur Scheele and Gisela ten Kate
With contributions from: Arдания Kirana Putri
and Danielle Leann Peterson
Layout: Frans Schupp
Photo: iStock
ISBN: 978-94-6207-055-4



Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations

Sarphatistraat 30
1018 GL Amsterdam
The Netherlands
T: +31 (0)20 639 12 91
F: +31 (0)20 639 13 21
info@somo.nl
www.somo.nl

SOMO is an independent, non-for profit research and network organisation that promotes sustainable and fair global economic development and the elimination of the structural causes of poverty, environmental problems, exploitation and inequality.

This paper is published in the context of SOMO's programme on Multinational Corporations in Conflict-Affected Areas. This four-year programme, funded by the Dutch Ministry of Foreign Affairs, aims to empower local NGOs and communities to critically analyse the impact of the private sector in conflict-affected areas and to ensure that companies are held to account for corporate misconduct. The programme aims to influence policies at various levels, including the European Union, to ensure that multinational enterprises and their suppliers make a positive contribution to post-conflict reconstruction.

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